

**DEVELOPING A BUSINESS
RECRUITMENT PROGRAM
FOR ELGIN, OREGON**

Prepared for:

The City of Elgin
and Elgin 2010 Committee

September 5, 1995

by KJC Consulting
Kevin J. Cooper, Consultant
P.O. Box 1036
Elgin, OR 97827

This report was funded by the USDA, Forest Service, National Forest Dependent Rural Communities Grant Program. The findings and conclusions of the report are those of the author and do not necessarily reflect the opinions of the US Forest Service, its representatives, or employees.

EXECUTIVE SUMMARY

The City of Elgin has the potential for developing a successful business recruitment program based on findings of this report. Implementation of such a program could be done over a period of months or years depending on the amount of resources allocated toward the project by the City of Elgin and its ability to coordinate existing resources in the community and county.

TABLE OF CONTENTS

Executive Summary.....	i
Table of Contents.....	ii
Introduction.....	1
I. Survey of Economic Development Organizations.....	2
A. Program Objectives.....	3
B. Successful Business Recruitment Organizations.....	4
C. Organizational Structure.....	6
II. Business Interviews.....	7
A. Sources of Information.....	7
B. Basic Location Considerations.....	7
C. Secondary Considerations.....	8
D. Locating in Small Cities.....	8
E. Conclusions from Business Interviews.....	9
F. Recommendations for Marketing.....	9
III. Elgin's Economic development Capacity.....	10
A. Developing a Program for Elgin.....	11
IV. Industrial Land Development.....	12
A. Availability of Industrial Land.....	12
B. Zoning Change.....	12
C. Pricing of Land.....	12
V. Recommendations Program Development.....	15
A. Developing Industrial Property.....	15
B. Business Recruitment Program Design.....	16
VI. Conclusions.....	17
Exhibits	
A-Community Profile Brochure.....	18
B-Summary of Survey Results.....	23
C-Survey Forms and Letters.....	26
D-Survey Methodology.....	29
E-Economic Development Organizations.....	33

Introduction

The City of Elgin was awarded a grant from the US Forest Service in 1994. The purpose of the grant is to provide technical assistance to the City of Elgin in designing a business recruitment program and infrastructure developments for a proposed industrial park. These items are included in the Elgin 2010 Strategic Plan, Business Development Goal, Strategy 3, Actions 2 and 3 which has been adopted by the city as its economic development planning document. This report is one of the final products of work funded by the grant.

Business recruitment is a competitive activity. Communities compete with each other for businesses looking to relocate or expand. KJC Consulting conducted a survey of economic development programs in Eastern Oregon to determine how economic development organizations compete against each other in business recruitment. Additional research included interviews with six customers (businesses) who had relocated in the past year.

The intent of this work was to develop recommendations for developing a successful business recruitment program for the Elgin 2010 Committee, the City of Elgin, and other community organizations. The recommendations are based on the survey results, other research conducted, input from the Elgin 2010 Committee, experience of the consultant in the economic development field, and information taken from the Elgin 2010 Strategic Planning Document.

The other component of work under the Forest Service grant is an engineering study to be completed by Anderson/Perry Associates. This work has been delayed twice because of problems in identifying a site that would fit the needs of the City of Elgin. While this work remains uncompleted at the time of this report's printing, its findings should not effect the conclusions and recommendations reached in this report.

The study assumes the City of Elgin has some level of interest in developing an industrial park. This assumption is based on the project concept appearing in the Elgin 2010 Strategic Plan which has been adopted by the city as its long range development plan. This study is written as a guide to planning and implementing such a project for the City of Elgin.

KJC Consulting acknowledges the cooperation and input from the following people: Hanley Jenkins, Joe Garlitz, Brian Cole, David Marks and the participants of the surveys. A special thanks goes to ZaDean Auyer who took the time to provide several valuable insights which were very helpful in writing part of the text.

I. Survey of Economic Development Programs in Eastern Oregon

KJC Consulting conducted a survey of economic development and marketing programs in Baker, Harney, Lake, Malheur, Grant, Morrow, Umatilla, Union, and Wallowa Counties. The survey was conducted in June and July of 1995 and included programs operated by cities, counties, chambers of commerce, private development groups, port districts, and public economic development organizations including the Oregon Economic Development Department.

The methodology of the survey created a static presentation of the data collected. The survey asked about current operations and results experienced over the past year. One reason this methodology was used is that it allowed the survey to ask each entity what they do and compare that to a variety of results the organization had achieved over the past year. This allows the findings of the survey to be used in recommending specific actions that can reasonably be expected to achieve similar results. While this methodology makes recommending actions easier, it also comes with some inherent problems.

A static methodology limits the scope of the analysis to specific a specific time. This ignores the fact that some actions take time to achieve the desired result. For example, an organization may have recently started its operations and not had time to achieve some of the results the survey attempted to measure. Another potential problem is that activities carried out in the past by a particular organization but ceased before the survey was conducted may not be included in the activities or results. This could potentially skew the findings of the survey.

The survey was limited to organizations operating in Eastern Oregon. This helps control for a variety of factors including state tax rates, climate, geographic location, and a variety of other external factors that affect industrial recruitment. It also allows the survey to essentially ask the question; What are economic development organizations doing in this part of the state and what results have they experienced? The methodology allows the data to be correlated and the comparative results to be measured comparing program inputs to results achieved.

32 economic development organizations were randomly selected to take part in the survey. Each organization was sent a letter explaining the survey intent. Three weeks later a three page survey form was sent out with a return addressed-stamped envelope. Instructions were given to return the completed form within ten (10) days. 21 of the entities or 65.63% returned the completed forms and were included in the survey results. The following sections outline the survey results. The organizations responding were a representative sample of the total and, as such, did not require additional results to be gathered nor were some responses given a weighing to make the findings valid.

A. Program Objectives

Economic development entities were asked two questions which identified the overall objectives of the organization. These questions asked about specific activity priorities and work activities. The results from these two questions were used to place organizations into three general categories as described below. Three program objectives were categorized by the author as marketing, community development, or economic development.

Marketing related entities were primarily involved in developing tourist information, operating visitor information centers, and distributing information on local communities and activities. Many indicated they were involved in business recruitment and one operates a business recruitment program. Over 80% of marketing related entities serve geographic areas with populations of over 7,000. Most of these organizations said their primary activities involved producing, printing, updating, and distributing marketing materials. Over 73% cited goal setting and planning as being a high priority.

Community development organizations were quite diverse and their objectives seemed to be related to the size and location of the community. Involvement in business retention was the most common economic development activity with about half being involved in business recruitment. Involvement in business recruitment was more likely in organizations serving populations between 2,500 and 5,000. Most of these organizations were community based and only one covered a geographic area larger than one county.

Economic development organizations were all involved in business recruitment and most were involved in business retention. This group had little agreement on what activities were important in maintaining a successful organization. Several cited goal setting and planning while others cited a variety of business incentives. Not one organization indicated business recruitment was the most important factor.

14.3% of the organizations participating in the survey indicated they had two or three of these program objectives included in their organization. These organizations were all public programs that covered three or more counties. These organizations all cited goal setting and planning as one of their top three activities as maintaining a successful program. The most common activity these organizations were involved in are business recruitment, providing one or more other types of businesses assistance, or program administration.

Many of the organizations had diverse organizational objectives including housing development, lobbying activities, and administrative support activities for other entities. There was no attempt made to differentiate these activities in the survey methodology because of the wide range of other activities.

B. Successful Business Recruitment Organizations

For this study, successful organizations were those that had been involved in successfully recruiting at least one business during the past year. Successfully recruiting a business was an all inclusive response which did not require the organization to be a lead entity in the recruitment effort. This section details the attributes that are most common among successful organizations.

1. Use of Referrals

87.5% of successful organizations use referrals from chambers of commerce or visitors centers as compared to only 25.0% of unsuccessful organizations. 75.0% of successful organizations use referrals from local businesses while only 25.0% of unsuccessful organizations use business referrals. The correlation of use of referrals to success in recruiting is one of the strongest in the survey.

2. Direct or Targeted Marketing

Only 15.63% of successful organizations said they used direct mailing campaigns or advertising in their business recruitment programs compared to 75.00% of unsuccessful organizations. Advertising in trade magazines and conducting targeted mailing campaigns to targeted industries has been a common practice in the economic development field for many years. The survey results indicate this type of marketing is a relatively unimportant factor in successful business recruitment in Eastern Oregon.

3. Operating a Business Retention Program

43.75% of successful organizations operated business recruitment programs compared to 0.00% of the unsuccessful programs. While less than half of the successful organizations operate a business retention program, the relationship here may be related to being actively aware of current business issues in their area which in turn may effect the potential for success in recruitment. The survey analysis also revealed that successful organizations ranked business retention an average of 2.2 ranking points higher than unsuccessful organizations. This shows that a recognition that retention is important also affects success in recruitment.

4. Staff Time Spent on Recruitment

40.0% of unsuccessful organizations said they spent ten hours or more of staff time per week on business recruitment compared to 36.84% of successful organizations. Because of the small sample size of the survey, this difference is insignificant. However, 71.4% of those spending more than ten hours per week on recruitment activities were successful

in recruiting at least two businesses in the past year while the remaining 28.6% did not recruit a single business. This relationship may reflect the time requirement involved in actually locating a business.

5. Other Factors

Staffing structure, legal structure of the organization, type and number of funding sources, and other program activities do not seem to affect success in business recruitment. Over 30 other factors were analyzed and no significant correlations were found to exist between success in recruitment and these other factors.

6. Conclusions

- a. Successful organizations have active and working partnerships with other economic development organizations.
- b. Successful economic development organizations seem to specialize in either marketing activities or operating recruitment programs. This indicates that generating leads through conventional marketing activities works less effectively than developing working partnerships with organizations that are already involved in marketing activities.
- c. Mass mailing campaigns and direct marketing activities targeted specifically to generate business recruitment leads in an ineffective activity in terms of success. These activities may take away from an organization's ability to be successful and could result in a lack of interest in developing partnerships. It could be argued that these activities would result in successful recruitment in the future which would not show up as a successful recruitment result in the short term. However, the data does not support this argument.
- d. Organizations that do not operate or are not involved in a business retention program are not effective in business recruitment. However, operating a business recruitment program does not insure success in business recruitment.
- e. Business recruitment as a part time activity can be successful. In fact, dedicating more than ten hours per week can significantly increase the chance for success. The survey also indicates that making recruitment a priority can significantly increase the potential for success in business recruitment.
- f. The data does not reflect operational, structural, or legal correlations with success in business recruitment. While some of these factors may effect success, any such relationship is not reflected in the data.

C. Organizational Structure

This section looks at how successful economic development organizations are set up and function from an administrative view. It includes the legal structure of the organizations, funding sources, and staff work activities. It should be noted that these factors do not seem to be affect success in business recruitment. This information is provided to review existing program structures in existing entities.

Just over half of the successful economic development programs were identified as government organizations. These include the State of Oregon, cities, counties, councils of government, and port districts. The second largest group making up about 44% of the successful organizations were non-profit corporations such as county or city development groups, chambers of commerce, and community response team organizations.

Funding of successful organizations was quite diverse among and between organizations. As a group, successful organizations on average received funding from four different sources each year. About two-thirds received grants from state and federal government sources and most received funding from local governments. The next most popular source of income was charging fees for services provided, most of which were not related to business recruitment. Other popular sources were appropriations from local government's, Oregon's Regional Strategies Program, and other fees including dues. Almost half indicated they received funding from past investments (lease and rental income, interest on bank balances, etc.). Several organizations also received donations from businesses, individuals, and transferred funds from other program activities. Only 6.67% of organizations received funding from private grants (foundations & trusts).

Staffing of most successful organizations is with paid staff positions, some using volunteers with paid staff. Successful organizations in the study indicated they spent an average of at least 29 hours of staff time per week on activities not directly related to business recruitment. These activities include administrative functions (typing, bookkeeping, etc), fund raising, and management duties.

This information strongly indicates that business recruitment is most successfully handled by an entity having a variety of other activities in their organizational structure.

II. Business Interviews

KJC Consulting interviewed six businesses who recently relocated or expanded operations into a new location during the past year. The business owners and manager interviewed were the people directly responsible for making the relocation decision. Each person was asked how they got the information and what factors they looked at in deciding on where to relocate. The results of this information are presented to provide "the customer's perspective" of the business recruitment. The businesses interviewed are in manufacturing or food processing sectors.

A. Sources of Information

Five of the six businesses indicated they received at least some information from a chamber of commerce and from one or more economic development organizations. All six businesses received information from at least two other businesses owners or managers. Three of these businesses sought out additional information directly from entities marketing industrial property after making preliminary information searches. One interesting finding was that only two of these businesses looked at industrial land information early on in their information gathering stages. Four businesses indicated they narrowed their list of potential locations before they actually talked to anyone locally about relocating.

When asked about the types of information they used to narrow their options, five indicated they used at least six different sources and one identified more than seventeen individual sources. Sources of information identified included chambers of commerce, visitors centers, realtors, economic development organizations, Oregon Economic Development Department, Oregon Employment Division, trade publications, business associates, family members, magazines and the internet. The types of information cited as most useful were community brochures, community profiles, Oregon Employment Division publications and comments from businesses.

B. Basic Relocation Considerations

Each business was asked about the specific things they looked at when considering a location for their business. All six indicated that economic factors such as proximity to customers, proximity to suppliers, capacity of local utilities, availability of labor and skills of the labor force were the most important issues cited. One business owner said he chose Eastern Oregon because he grew up here and wanted to stay where his family lived. The other five were either already in Eastern Oregon or knew that locating in Eastern Oregon would be a good business decision.

C. Secondary Considerations

Three of the six indicated they narrowed their search down to a few counties or communities based on economic factors and then looked at other issues before selecting a specific location. All six business owners indicated that finding a specific industrial site to meet their specific needs was difficult in spite of the fact that lots of land was available. One business owner said price was a major factor in selecting a specific location. Another said available housing was a major factor in selecting one community over its neighbor. Another said he had to settle for his third choice because the first two sites would not have been available for a variety of reasons and his company needed a site sooner than they could be made ready. One business owner said the conflicting information he received from several local representatives in one city caused him to eliminate that site from his list of potential locations. Two indicated that quality of life factors in their final decision.

When asked about property tax incentives, low cost or free land, and other local incentives, most indicated these were minor considerations. Most indicated these incentives were only taken into consideration after they had decided to look at a particular region or county. All six agreed these incentives influenced their decision but there was considerable differences on the weight these incentives played in their final decisions. One business owner said he had already decided on one area and decided to locate at their present site because of the free land and property tax incentives. However, he would have located in that particular area even without the incentives. Another business manager said he knew about the incentives and limited his search to sites with those incentives. When asked if they would have located in their current location without these incentives, two said they were not sure, three of these said they would have located in the area without the incentives, and one said he would probably be in the same location.

D. Locating in Small Cities

When asked about locating in towns of less than 2,500 in population, two of the six said they would have or did consider this as a option. Those that would consider a city with a population of under 2,500 indicated they would be most concerned about availability of labor and access to transportation. Reasons given by the other four businesses for not considering smaller cities were concerns about water and sewerage services, zoning problems, lack of services on site, and a general lack of information being available from these communities. One business representative said that most of the small cities she contacted in Eastern Oregon were not prepared to provide the information she needed. When asked if they thought small cities could provide the services they needed, five of the six said no. However, only one of the six looked for this information.

E. Conclusions from Business Interviews

The business perspective of relocating seems to emphasize the information collection process. Many different sources were used and often business conduct information searches on a confidential basis. Most business eliminate many potential locations early on but usually consider any location in one area once their search has been narrowed down.

Access to labor and transportation were identified as the most critical economic factors followed by capacity of utilities, proximity to other businesses (suppliers and customers), and zoning. Incentives such as price of land and utility rates can also be an important factor with some businesses.

Since communities cannot control the economic factors, the most important issue they do control is communicating what they have to offer: quality of life, availability of industrial land, demographic information, etc. As a group, small cities like Elgin are not doing a very good job of marketing themselves to businesses who would consider small cities as a potential location.

Not all businesses will consider a small community like Elgin because of distance to the interstate freeway and the lack of services, like commercial air service. However, the potential for recruiting businesses does exist. The challenge seems to be in the area of developing and distributing the type of information businesses use in the initial information gathering stages and making it available through existing outlets. Small cities in Eastern Oregon seem to have failed in this area.

F. Recommendations for Marketing

1. A passive marketing distribution system using existing information marketing entities like chambers of commerce and visitors centers would be most effective.
2. A single marketing piece providing existing demographic information and detailing access to modes of transportation would be a very flexible and useful item.
3. Having a single point of contact would also be a good idea so that businesses do not receive conflicting information from two or more sources.
4. While some businesses would not consider Elgin as a viable location, others need to know why Elgin would be a good place for them to locate. There are secondary pieces of information that could be developed to respond to inquiries from businesses looking for information from Elgin.

III. Elgin's Economic Development Capacity

Elgin has a variety of regional organizations that serve the Elgin area. These include but are not limited to Union County Economic Development Corporation, Eastern Oregon Visitors Association, Northeast Oregon Economic Development District, La Grande-Union County Chamber of Commerce, Union County Visitors and Convention Bureau, and the Oregon Economic Development Department. Each organization has a specific role in economic development and there is some overlap between and among these groups. Each of these organizations has full time staffing and has at least one program objective that would affect Elgin either directly or indirectly in recruitment.

Elgin currently has three entities involved in economic development. These are City of Elgin, Elgin 2010 Committee and Elgin Chamber of Commerce.

The Elgin 2010 Committee is a community volunteer organization committed to improving Elgin's economic future and community livability. The organization was formed in 1992 as a "community Response Team" and has a small but active membership. It has identified business recruitment as one of its organizational goals but as yet has not begun to implement a program. Elgin 2010 receives funding from the City of Elgin and has been the driving force in bringing several grants into the community over the past few years. Elgin 2010 has recently applied for funding of a staff person in cooperation with the City of Elgin.

The Elgin Chamber of Commerce has many members who also are members of the Elgin 2010 Committee. It also has a small but active membership. Its primary function over the past few years has been in sponsoring a number of community activities including its annual chamber banquet, housing a visitor information center, and sponsoring special activities to benefit the community and local businesses. Funding comes primarily from member dues and some of its annual activities.

The City of Elgin has a seven member council and has about ten employees. Two of these employees are in "administrative" positions and are often involved in a variety of support activities for the 2010 committee. The city has also been the applicant on most of the grants written by Elgin 2010. The city has been very supportive of these other entities and has provided funding for the 2010 committee for the past three years.

All of these entities have been involved in a park project in downtown Elgin and have contributed significant time and labor to the project. There is a lot of cooperation between these entities which may be reflected by the fact that many people are involved in two or even all three entities. The chamber and 2010 committee formed a "business community association" which is a sub-committee of both entities. It was formed in early 1995 and has been involved in implementing a business retention program.

A. Developing a Recruitment Program for Elgin

To successfully implement a business recruitment program in Elgin will require several actions which are outlined in this section.

The first step in this process is having the land available to sell to a business. This process involves a series of actions which is detailed in Section IV.

Cooperation between the three economic development entities in Elgin is already very good. This makes developing a recruitment program a matter of coordination and clarifying roles of each entity. Elgin 2010 and Elgin Chamber of Commerce will need to be involved in the initial planning stages to eliminate any potential duplication of efforts. The city may want to ask these groups to take on the role of designing the program. This could be done using the existing business development association. The City of Elgin will need to clarify its role in the area of selling the land and providing any incentives it may want offer to prospective businesses.

Several tourism related organizations serving the Elgin area are already involved with other communities in business recruitment. These include Oregon Economic Development Department, Eastern Oregon Visitors Association, and La Grande-Union County Chamber of Commerce. A crucial step in developing a program is to make sure these entities are aware that Elgin has sites for businesses to locate. The city or chamber may want to print a simple information brochure on Elgin to distribute to these entities for distribution on an as needed basis. A method of consistent follow up with these entities will be needed to insure their information is up to date and that they remember that Elgin has sites available.

A single point of contact should be identified for businesses wanting more information on the city. This role should be agreed on and incorporated into any written material that is distributed. This would necessarily need to be an office like the city. There should also be a procedure established for responding to inquiries which includes providing additional information as requested, referrals to other people or entities as needed, and responding to requests for incentives. Because of the potential for coordination problems, these procedures should be written and each entity should be given a regular opportunity to review these procedures and suggest changes as needed to the lead entity.

IV. Industrial Land Development

Elgin currently has several tracts of industrial land in and around the city. Most of these properties are currently occupied by existing businesses. Two privately owned vacant parcels of industrial land could be marketed as industrial property. One site is located on the northern edge of the city next to the railroad tracks along the Grande Ronde River. This strip of land is only about 4 acres and has very poor access. The other strip of land is on the south side of Elgin, west of Highway 82 across from the Stampede Grounds. Neither site is currently available for sale or lease at this time. As a result, Elgin does not have the industrial property needed to recruit industrial or processing type businesses.

A. Availability of Industrial Land

KJC Consulting, Anderson/Perry & Associates, and Joe Garlitz reviewed maps of the Elgin area and have identified several pieces of property that would be adequate for industrial development. The city would need to purchase a tract of land as soon as possible and take several other actions before the property would be marketable. These actions are described in the following sections.

B. Zoning Change

Once the land is purchased or secured, the City of Elgin would need to, if necessary, change the zoning to industrial use. The piece of land should be at least 8 acres to make the effort cost effective and large enough to provide for potential needs of businesses. If the property is outside Elgin's urban growth boundary, the city would need to move the property into the boundary as soon as possible. If possible, the property should be annexed into the city limits for the city to take advantage of any investment being added to the local tax base.

The city would then need to go through the process with the Union County Planning Department to process a zone change to industrial use. While this sounds like a fairly simple procedure, it will take at least 120 days to complete even if there is no objection to the change.

Once the zone change is complete, the city may want to partition the land into smaller tracts to make sale portions of the land easier to complete. This involves hiring a surveyor to survey the land and draft legal descriptions, both to be filed with the county.

C. Pricing of Land

Industrially zoned land in Union County is currently in good supply for heavy industrial use. However, light industrial land is currently less plentiful. The latter is a much more active

market and should be the focus of Elgin's efforts. Two industrial parks near La Grande are currently being marketed by Union County and Union County Economic Development Corporation (UCEDC). Because most industrial businesses view Elgin as part of Union County in terms of labor market and geographic location, Elgin would have to compete with these other two industrial parks in business recruitment.

The Baum Industrial Park is owned by the Union County Economic Development Corporation and is located just north of the Boise Cascade Particle Board Mill on Hwy 82. It is a large industrial park and zoned for heavy industrial use with lots of 10 acres or more. The land is available at market prices and has water and sewer lines on site. Any business seeking a large tract of industrial land in Union County would be limited to this industrial park. It is located in the La Grande Enterprise Zone which offers a three year waiver on property tax improvements in return for job creation.

The Airport Industrial Park is owned by Union County and is located at the south end of the La Grande-Union County Airport. The park is divided into two acre lots and is zoned for light industrial use. The county will sell the lots at no cost, except for title transfer and closing costs, if businesses are willing to commit to creating jobs. It is also located in the La Grande Enterprise Zone which offers a three year property tax waiver on improvements in return for job creation. This park is currently filled and an expansion is planned for 1996. However, funding for the expansion has not been approved at this time and is dependent on outside grant funding.

Several other small tract of light industrial land are also available in the county. Most are small tracts of land and prices are usually at or above market prices. UCEDC has about 20 acres next to the Hot Lake Hotel and prefers to lease but will sell if a good cash offer is made. Several of the other industrial tracts are privately owned and are offered at prices ranging from \$25,000 per acre and up. Two tracts near I-84 have been for sale since 1984 and have not sold because of the high price tag. The City of Union also has a piece of industrial land which has been vacant since its mill closed in 1988. It has marketed the property through realtors with no success to date.

While these other sites are closer to the I-84 and many services, Elgin can market its small town, small school, and high quality of life. Elgin is also protected from the wind which is a big advantage over the Airport Industrial Park and City of Union sites because of possible wind damage and drifting snow in the winter. However, to be competitive, Elgin would need to offer low cost or even free industrial land and consider offering low cost industrial water and sewer service as an additional incentive. This would make Elgin a viable alternative for some, but not all, businesses.

To make the property available for development water and sewer lines would need to be on site. Access to the property would also have to be considered. While additional amenities could be offered, these are the minimal requirements needed to compete in this market.

V. Recommendations for Developing a Business Recruitment Program

KJC Consulting recommends the City of Elgin consider developing a business recruitment program in coordination with the Elgin Chamber of Commerce and Elgin 2010 Committee. While the recommendations are made to the city, they essentially recommend the city be involved in only the land development, ownership of the land, and oversight of the program development. There are several other components of the recommendation which will require activities be carried out by the chamber and 2010. The specific recommendations are as follows:

A. Development of Industrial Property

This recommendation is made to the City of Elgin as a series of decisions that need to be made. These decisions would help define the land available and allow for engineering work to proceed.

1. The city should discuss purchasing industrial property. If the city is not willing to purchase the property, a first option to buy could be used to secure the property. In either case, the city will want an assurance that the property will be available for industrial use before committing to investing in water and sewer line extensions. A common problem with industrial land is that the owners often think the property is worth a lot of money after services are extended. In reality most industrial property sold in Eastern Oregon sells for a relatively low price and is often given away. The City of Elgin needs to understand that it will sell the property at a loss.
2. If the city decides to move forward on this opportunity, a confidential inquiry should be made on the availability of specific properties which could be purchased or secured. The city engineer and city recorder would be best qualified to identify these properties. If a property is found to be suitable, an offer should be made on the property before the activity becomes public knowledge. If an owner of industrial land were aware the city was looking for industrial land, the prices of suitable parcels would likely increase significantly.
3. The city should consider the amount of funds available for land purchase, water and sewer improvements, and related transaction costs. This would provide a guide for city staff in recommending actions as needed to implement this project. It would also tell the Elgin Chamber and Elgin 2010 Committee if developing the other components of the project are needed in months or years.

B. Business Recruitment Program Design

If the city decides to participate in the purchase of industrial property, it will have an interest in seeing the development and implementation of a sound business recruitment program. The city could make an offer to Elgin 2010 and Elgin Chamber that it would be willing to purchase and develop industrial land if the program were set up and implemented to maximize the potential for success. The city should outline the following requirements for these groups in developing a business recruitment program:

1. Require a minimum of quarterly contacts with the La Grande-Union County Chamber of Commerce, Eastern Oregon Visitors Association, Oregon Economic Development Department Regional Business Development Officer, Union County Economic Development Corporation, and Eastern Oregon Visitor's Association to remind them of available industrial land in Elgin.
2. Require Elgin Business Development Committee to continue operation of the business visitation program in Elgin adding an emphasis on referrals.
3. Require Elgin 2010 or the Chamber to develop a list of community contacts for responding to businesses inquiries. The city could then delegate this responsibility to specific volunteers or city staff such as the City Recorder.
4. Prohibit the use of Elgin 2010 monies from the city for developing targeted marketing materials for direct marketing activities. The city should consider developing a single community profile brochure for this purpose. The text of a draft brochure is included as Exhibit A as a model of a good general information marketing piece.
5. The city may want to consider becoming a member of the La Grande-Union County Chamber, Eastern Oregon visitors Association, and UCEDC to create a more direct relationship between the city and these groups. This would provide additional incentives for these groups to refer business leads to the community and help keep Elgin in the minds of their staff.

VI. Conclusions

The initial intent of the report was to assess the potential for success for a business recruitment program in Elgin, Oregon and make recommendations that would offer Elgin the best opportunity for successfully implementing a business recruitment program. It would be difficult to judge the potential for short term success in Elgin based only on the survey and business interviews. Only two of the survey participants serve areas with a population of less than 2,500. Because the majority of cities in Eastern Oregon are under 2,500 in population and because only two of these small communities participated in the survey indicates that most small communities do not have an active economic development organization in place. As a result, the conclusions and recommendations contained in this study do not necessary guarantee success for Elgin.

However, the study is very valuable in determining what economic development activities work in Eastern Oregon in most communities. Because business recruitment is a competitive field, knowing what the competition offers is absolutely necessary. Certainly the availability of industrial land is prerequisite for being involved in business recruitment. Marketing and gathering of leads is a critical component of success which cannot be understated. The price of the land, the ability to market it efficiently, and coordinating these activities also will impact the potential for success although they are secondary considerations with some businesses.

The primary conclusion of this report is that economic development is a team sport, with the team members being the various economic development, community development, and tourism organizations. Chambers of Commerce, other marketing organizations, and individual businesses all play an important role in marketing and referrals of business recruitment leads. Successful business recruitment seems to require a less than full time commitment which fits well into Elgin's volunteer based economic development base. Other local, regional, and state wide programs play important roles including providing management assistance, low interest business loan programs, developing and printing marketing materials, and delivering flexible state funded support activities. For Elgin to be successful, it will need to develop working relationships with these organizations. These relationships will take time to develop and will require consistent follow up in the start up phase to be successful.

In the author's opinion, the recommendations set forth in this study will allow Elgin, Oregon the best opportunity to recruit businesses to the community, both now and into the future.

Exhibit A

Elgin Community Profile Information

ADVANTAGES

Elgin is known for its diversified wood products industry, a solid agricultural base, outdoor recreational opportunities, exceptional schools, and its beautiful scenic vistas. Elgin offers the best in rural life for people of all ages.

Elgin is home to many cottage industries and small businesses. Most were started here or moved here because of Elgin's school district, the many recreational opportunities, a pro-business community attitude, and close access to natural resources and regional population centers. River rafting is quickly becoming a popular recreation activity. Elgin boasts river rafting activities that range from slow and safe to wild and wooly.

The pride of Elgin is the Historic Elgin Opera House. This romantic facility reflects the architecture from the turn of the century era. It was restored in 1985 to its original condition. The Elgin Opera House offers movies and live stage performances along with special community events year round. Elgin's prime meeting place is the Elgin Community Center which houses the city library, public swimming pool, several community service programs, and conference room complete with kitchen facilities.

LOCATION

Elgin is located in Northeast Oregon on Oregon Highway 82 and Oregon Highway 204, twenty miles north of I-84 at La Grande. The Elgin area is named "The Indian Valley" because the Nez Perce, Walla Walla, and Umatilla tribes annually visited the valley to fish, gather herbs, and hunt. Visitors marvel at the scenic beauty of the area but usually return because of the warmth of the community, the diversity of cultural events and access to the many outdoor recreational activities.

LABOR FORCE

Elgin's labor force is well educated and experienced in the agricultural and wood products industries. The Elgin School District has classes that provide real world experiences for students that provides a great source of local labor. Union County labor force statistics are available from the Oregon Employment Division at (503) 963-7111.

TRANSPORTATION

Rail - Local rail services is available from Idaho Northern and Pacific Railroad. The company operates the short line that runs through Elgin. The Union Pacific main line is located 20 miles away in La Grande.

Air - Charter passenger service is a convenient twenty two minutes from Elgin at the La Grande-Union County Airport.

Highways - Located on Oregon Highways 82 and 204, Elgin offers easy access to Wallowa County, Pendleton, Baker City and La Grande as well as southeastern Washington State.

UTILITIES

Telephone - GTE is the local telephone utility.

Electricity - Provided by Oregon Trail Electric Cooperative.

Natural Gas - Washington Water Power is the service provider.

Water - Available from the City of Elgin. Current usage is 1.2 mgd. Excess capacity in the water system is 2.8 mgd.

Sewer - Available from the City of Elgin. Sewerage treatment capacity .28 mgd. Excess capacity is .12 mgd.

HOUSING

Sale Prices for Existing Single Family Homes (1994)

Los Angeles	\$201,400
Seattle	190,500
Portland	134,900
Elgin	39,700

LOCAL INDUSTRIES

Business Name	Products
Boise Cascade Corporation	Studs and Plywood
Blue Mountain Log Homes	Log Home Kits
Smokewood Industries	Gifts & Trophy Components
Troy Saddle & Harness	Saddle Trees & Pack Frames
Oregon Log & Fiber	Wood Chips

AGRICULTURAL PRODUCTS OF THE AREA

Wheat, Barley, Garbanzo Beans, Alfalfa, Tree Crops, Grass Seed, Cattle, Llamas, and Mint.

ENTERTAINMENT

The Historic Elgin Opera House offers movies and live stage performances. Seasonal events include the Elgin Stampede, Elgin Riverfest, The Elgin Christmas Parade, skiing at Spouts Springs Resort, fishing, and river rafting. Elgin offers some of the best hunting opportunities for deer, elk, cougar, bear, pheasant, and quail. Elgin also has a public swimming pool which is open during the summer months. Elgin has a variety of youth sports activities throughout the year in addition to school athletics.

DISTANCE TO POPULATION CENTERS

La Grande	20 miles
Baker City	62 miles
Walla Walla	59 miles
Pendleton	68 miles
Pasco	105 miles
Yakima	180 miles
Boise	189 miles
Portland	279 miles

POPULATION

	1980	1990	1994
City of Elgin	1,701	1,586	1,655
Union County	23,921	23,000	24,100

CLIMATE

Average Temperature

January	Min.	21.7 F.
	Max.	36.0 F.

July	Min.	51.3 F.
	Max.	85.4 F.

Annual Precipitation 26.64 in.

Elevation 2,660 ft.

PUBLIC SCHOOLS

Elgin School District (1994/95)

Total Enrollment: 533

K-8 Enrollment: 369

9-12 Enrollment: 164

The Elgin School District has two school buildings. Stella Mayfield Elementary houses the Kindergarten through 8th grades and Elgin High School which includes grades 9 through 12.

Elgin schools have produced many outstanding scholars, skilled workers and exceptional athletes in recent years. The national President of the Future Farmers of America in 1994 was elected while in his senior year at Elgin. The Elgin Cross Country team was awarded the Steve Prefontaine Trophy in 1993 which is usually awarded to college teams or athletes. The building trade class constructed a new school district office building in 1994 and will be constructing a new city hall which is scheduled for completion in 1996. The Elgin School District offers students advanced classes in computer aided drafting, college level courses on-line via ED-NET, and alternative school options.

PROPERTY TAX STRUCTURE

Consolidated Tax Rate: \$17.89 per \$1,000 of tax assessed value in 1994/95.

COMMUNICATIONS

Regional papers include The Observer, Mountain Land Shopper, and The Nickel, in La Grande. Elgin also has its own community newspaper, The Elgin Recorder, which has 100% coverage throughout Elgin, Imbler, Summerville, and the North Union County Region. The Elgin area has local cellular phone service. Elgin has free local telephone service to the Information Super-Highway via Compass at Eastern Oregon State College. Elgin offers a community owned television cable system offering 24 stations at one of the lowest prices available anywhere in the country. Television stations are also available via local translators from Portland, Boise, and Spokane. Five local radio stations from the La Grande area are available with several regional stations available as well.

COMMUNITY GROUPS

Elgin has a variety of adult and youth activity groups including religious and volunteer service organizations.

- Youth: Cub Scouts, Campfire, 4-H, Future Farmers of America, Future Business Leaders of America, School Athletics, Rainbow Girls, Elgin Library Summer Reading Program, Little League Baseball and Softball, and Youth Soccer.
- Adult: Elgin Stampeders, Horse Riding Clubs, Roping Clubs, Elgin Chamber of Commerce, EEE Home Extension, Veterans of Foreign Wars, Elgin Square Dancers, Good Sams Clubs, Western Wood Products Employees Union, Elgin 2010 Committee, Eighth Street Players, Elgin Masonic Lodge, Eastern Star, Rabekkah's Lodge, Rockwall Grange,
- Churches: Christian Life Center, St. Marys Catholic Church, Elgin Baptist Church, Church of the Nazarene, Grace Bible Church, Elgin Christian Church, United Methodist Church, Seventh Day Adventist Church, and Church of Jesus Christ of Latter-Day Saints.
- Service: Elgin Ministerial Association, Dorcas Society, Elgin Volunteer Fire Department, Elgin Emergency Medical Technicians, Friends of the Library, Elgin Womens Service Club, Elgin Arts Council, Elgin Christmas Parade Committee, Elgin Parks and Recreation District, Elgin 2010 Committee and Elgin Riverfest Committee.

FINANCIAL INSTITUTIONS

Elgin has one commercial bank (US Bank) with a cash machine. Three other commercial banks (First Interstate, Bank of America, Western Bank) and a savings bank (Pioneer Federal) are located in La Grande.

Exhibit B
Summary of Results
Economic Development Organization Survey

SURVEY RESULTS COMPILATION

PERCENTAGE RESPONSE ANALYSIS

ALL RESPONSES

% OPERATING INDUSTRIAL RECRUIT.	33.33%
% OPERATING BUSINESS RETENT.	33.33%
% SUCCESFUL IN BUS. RECRUIT.	80.00%
% VERY SUCCESSFUL	60.00%
% NON-PROFITS	47.62%
% LOCAL GOV'T	38.10%
% LESS THAN COUNTY	38.10%
% WITH NO PAID STAFF	14.29%

SURVEY RESULTS COMPILATION
 CONDITIONAL RESPONSE ANALYSIS
 SUCCESSFUL ORGANIZATIONS

% LESS THAN 1 COUNTY	40.00%
% NON-PROFITS	46.67%
% LESS THAN 2,500 POPULATION	14.29%
% VOLUNTEER STAFF ONLY	13.33%
% OPERATING RECRUITMENT	40.00%
% OPERATING RETENTION	46.67%
% USING CHAMBER REFERRALS IN RECRUITMENT	86.67%
% USING BUSINESS REFERRALS IN RECRUITMENT	73.33%
% USING ADVERTISING & MAIL IN RECRUITMENT	16.67%
% USING CHAMBER REFERRALS IN RETENSION PROGRAMS	81.82%
% USING BUSINESS REFERRALS IN RETENSION PROGRAMS	72.73%
% USING ADVERTISING & MAIL IN RETENSION PROGRAMS	18.18%
% WITH FED. OR STATE GRANTS	53.33%
% CHARGING DUES TO PEOPLE OR BUSINESSES	40.00%
% RECEIVING PRIVATE GRANTS	6.67%
% SPENDING MORE THAN 10 HOURS/WEEK ON RECRUITMENT	36.84%

SURVEY RESULTS COMPILATION
 CONDITIONAL RESPONSE ANALYSIS
 UNSUCCESSFUL ORGANIZATIONS

% LESS THAN 1 COUNTY	33.33%
% NON-PROFITS	66.67%
% LESS THAN 2,500 POPULATION	0.00%
% VOLUNTEER STAFF ONLY	16.67%
% OPERATING RECRUITMENT	16.67%
% OPERATING RETENTION % USING CHAMBER REFERRALS IN RECRUITMENT	0.00%
% USING BUSINESS REFERRALS IN RECRUITMENT	40.00%
% USING ADVERTISING & MAIL IN RECRUITMENT	60.00%
% USING CHAMBER REFERRALS IN RETENSION PROGRAMS	0.00%
% USING BUSINESS REFERRALS IN RETENSION PROGRAMS	33.33%
% USING ADVERTISING & MAIL IN RETENSION PROGRAMS	33.33%
% WITH FED. OR STATE GRANTS	50.00%
% CHARGING DUES TO PEOPLE OR BUSINESSES	33.33%
% RECEIVING PRIVATE GRANTS	0.00%
% SPENDING MORE THAN 10 HOURS/WEEK ON RECRUITMENT	33.33%

SURVEY RESULTS COMPILATION
CONDITIONAL RESPONSE ANALYSIS
NON-PROFIT ORGANIZATIONS

% LESS THAN 1 COUNTY	50.00%
% SUCCESSFUL ORGANIZATIONS	70.00%
% LESS THAN 2,500 POPULATION	11.11%
% VOLUNTEER STAFF ONLY	30.00%
% OPERATING RECRUITMENT	30.00%
% OPERATING RETENTION	20.00%

SURVEY RESULTS COMPILATION
CONDITIONAL RESPONSE ANALYSIS
LOCAL GOVERNMENTS

% LESS THAN 1 COUNTY	25.00%
% SUCCESSFUL ORGANIZATIONS	100.00%
% LESS THAN 2,500 POPULATION	0.00%
% VOLUNTEER STAFF ONLY	0.00%
% OPERATING RECRUITMENT	50.00%
% OPERATING RETENTION	50.00%

Exhibit C
Survey Form and Letters

June 22, 1995

To: Economic Development Directors
From: Kevin Cooper, KJC Consulting
RE: Economic Development Survey

Please find enclosed a three page survey form and addressed return envelope. We would appreciate a few minutes of your time to complete survey and drop it in the mail.

For this survey, economic development organizations are defined as those entities involved in community development, business development, industrial development, tourism, and related marketing activities. Organizations included in the survey are Chambers of Commerce, County and City Based Economic Development Programs, Economic Development Districts, Community Development Organizations, and Tribal Governments.

If you are unsure about any of the questions on the survey, please call me at 1-800-820-2632. To help us meet our deadline, PLEASE RETURN THE COMPLETED SURVEY BY July 12, 1995. Thank you for your time and Good Luck in your endeavors.

Exhibit D SURVEY METHODOLOGY

I. Sampling

A. Compiling List of Organizations

Names and mailing addresses of economic development organizations will be gathered from the following Oregon Counties: Baker, Grant, Harney, Lake, Malheur, Morrow, Umatilla, Union, and Wallowa. Each county court house will be contacted to gather names of economic development organizations serving the county. This list will be used to gather names, addresses, phone numbers, and names of contact people. Once the list is complete, each organization will be listed in alphabetical order and assigned a number starting with one.

Additional organizations will be added to the list by contacting regional economic development organizations (economic development districts, workforce quality committees, port districts etc.) and each will be asked to provide a list of other economic development organizations in their area. This list will need to include at least 30 organizations before the process will be completed. If additional organizations are needed to complete the study, additional contacts will be made with chambers of commerce to solicit names of organizations.

B. Selection of Survey Participants

Once the list is compiled, all organizations will be selected for participating in the survey.

II. Survey Procedures

A. Pre-Survey Mailing

When the selection process is completed the names, addresses and phone numbers of each organization will be placed in a data base and a mailing list will be compiled as well. A "pre-survey letter" will be sent to organizations as soon as the mailing list is complete. After 10 days, the Pre-survey letters will be assumed to have been either delivered or will be returned. If any letters are returned, calls will be made to get the correct address. 11 days after the pre-survey letters are sent out, the survey forms will be sent out with a cover memo and a self addressed stamped envelope. Each envelope will be coded to identify the survey participant to track unreturned survey forms.

June 12, 1995

To: Baker City/County Economic Development
From: Kevin Cooper, KJC Consulting
RE: Economic Development Survey

Your organization has been selected to take part in a survey of economic development organizations in Eastern Oregon. Your organization was selected because of its activities which relate specifically to economic development. You should receive the survey in the mail in about one week.

Our firm has been contracted to conduct this survey by a city to assist them in developing a community based economic development program.

The survey will be three pages in length and will take just a few minutes to complete. Most of the questions will be about the programs and activities your organization operates and your professional opinions on economic development activities. There are also questions about staffing, funding sources, and the area your organization serves. We have written the survey to take a minimum amount of your valuable time.

The survey results are scheduled to be compiled and a report completed by Sept. 1, 1995. If you would like a copy of the report, call me at your convenience.

If you would like to have the survey sent to another address or to the attention of another person, call me at 1-800-820-2632 before June 20, 1995. If this notice reaches you on or after June 19, 1995, please let me know.

B. Questions from Survey Participants

A statement of clarifications will be written for each question. If survey participants call to ask about a specific question, they will be read the clarifying statement for that question. No other assistance will be offered on individual questions.

C. Follow Up On Surveys

Survey participants will be asked to return the completed survey form in 14 days from the date they receive the survey. A phone call will be made to each participating organization on the day the surveys are due asking them to remember to return the survey. One week after the due date, any surveys not returned will be followed up with a letter and a phone call. Two weeks after the survey is due, a second letter and set of phone calls will be sent to survey participants who have not returned the survey.

D. Receipt of Completed Surveys

Upon receiving surveys, the number identifying the survey will be recorded and the completed surveys will be placed in a file. A minimum of 20 completed surveys will be needed to complete collection of data. Once 20 completed surveys have been returned, the surveys responses will be logged onto a statistical database file for processing. No survey responses will be added to the results if they are returned more than one month after the surveys are sent out.

III. Compiling Responses from Completed Surveys

A. Logging Completed Survey Forms

When completed survey forms are received, each form will be assigned a number recording the order received. Each survey form will be reviewed for valid responses and completeness. Each survey form when logged will be placed in a file and retained for documentation until after the report is completed and published.

B. Valid Response Requirements

Returned surveys will be reviewed for valid responses before they are logged. Valid responses are those which are clearly marked and appropriate for each question. Where the question asks for

one answer, a valid response would be only one response to the question. A no response will be logged as a non-response. In cases where the response is not clear, the record will be logged as a non-response.

C. Recording and Logging Responses

Each question is numbered on the survey form. For each question, each response will be given a specific letter for recording responses. The statistical analysis will be set up to allow for summarizing responses by percentage of responses on some questions and creating a set of "organizational identifiers" for other questions. This will allow for the responses to be measured by organization type to be identified at that time.

III. Methodology for Analyzing Survey Results

A. Survey Question Categories

Each of the questions is placed in one of two categories: Organization Identifiers or Ordinal Measurements. The survey questions are identified as follows:

Organizational Identifiers:

#9, #10, #11, #12, & #13

Ordinal Measurements:

#1, #2, #3, #4, #5, #6, #7, & #8

B. Measurements of Organizational Groups

There are big differences in the economic development organizations involved in the survey. This survey will attempt to measure common outputs of similar economic development organizations. The results will first be broken down for analyzing government agencies, non-profit groups, and for profit organizations. A second analysis will be made based on two groups: 1) Serving single cities and portions of counties, and 2) Serving one or more counties. The primary focus of these two analysis will be to determine funding sources, program objectives, and success in sitting businesses in the past year. This information will be used to recommend actions for creating a successful recruitment program.

C. Economic Development Program Issues

Some of the Ordinal Measurements will be used to identify program priorities for developing an economic development program. Questions #1-#5 will be the basis for this analysis comparing those organizations who have had success in recruiting and retaining businesses in the past year. The information from this analysis will be used to make specific program recommendations for developing a business recruitment program. Questions #6 & #7 will be used to identify other program development goals for both short and long term development. Questions #12 & #13 will be used to identify organizational goals. This may be used for recommending an economic development structure for the City of Elgin. Other questions in the survey will be used to identify correlations with and between organizations that have successful in recruiting businesses in the past year.

IV. Summarizing Survey Results

Once the analysis has been completed, the results of the survey will be published in tabular form and will include text and notes in the final report. The tables will outline the data used to make recommendations and will be included in the final study. This survey summary will be included in the final study as supporting information.

V. Schedule for Survey

The following is a summary outline of significant events in the survey process. The schedule includes events and dates for each event to be completed. The schedule may be amended as needed during the process.

Complete Survey Form	June 1, 1995
Collect Names and Addresses	June 15, 1995
Send Pre-Survey Letters	June 20, 1995
Send Survey Forms	June 27, 1995
Call Delinquent Participants	July 13, 1995
2nd Delinquent Calls	July 28, 1995
Record Survey Responses	Aug. 4, 1995
Compile Survey Results	Aug. 17, 1995
Write Draft Report	Aug. 31, 1995
Submit Report to City	Sept. 12, 1995

VI. Outline of Survey Analysis

The survey will be used to determine actual activities from economic development professionals on economic development programs. Actual activities will be compared with the definition of success which is "having recruited or retained a business in the past year". The survey results will be used to profile successful programs and look at how they differ from other programs. A second objective of the survey is to determine how organizations are operated from an administrative observation. Use of paid staff, legal structure, funding sources, staff time allocation, and size of service area will be used to determine how organizations are operated at the community level as opposed to the county or multiple county level. Ideally, there will be a substantial diversity in the responses to allow for a in depth analysis of the results.

Simple correlations will be used to identify significant relationships for successful organizations. These correlations will be tested against correlations for all responses to determine the validity of each correlation. It is anticipated that most data will be reported in a percentage format, as opposed to gross number of responses, to eliminate potential misrepresentation of the data. However, a summary of the raw data results will be published as a first step of the analysis. Because of the small sample size, a significance standard of 15% will be used in analyzing correlations in the survey results.

Several tables will be printed out showing some of the critical relationships identified in the survey results. These results will then be incorporated into the final report.

Exhibit E

Economic Development Organizations Serving
Union County, Oregon

Eastern Oregon Visitors Association
P.O. Box 1087
Baker City, OR 97814
(503) 523-9200

Greater Eastern Oregon Development Corporation
P.O. Box 1041
Pendleton, OR 97801
(503) 276-6745

La Grande-Union County Chamber of Commerce
1912 Fourth Street, Suite 200
La Grande, OR 97850
(503) 963-8588

Northeast Oregon Economic Development District
P.O. Box 3197
La Grande, OR 97850
(503) 963-2399

Oregon Economic Development Department
Brian Cole, Regional Development Officer
P.O. Box 650
Baker City, OR 97814
(503) 523-7463

Union County Economic Development Corporation
P.O. Box 1208
La Grande, OR 97850
(503) 963-0926